

# 1Q17: Columbia Industrial Market Report

## Demand Continues to be Steady with Limited Supply of Space

The industrial real estate market in Columbia saw decreased vacancy in the first quarter of 2017, continuing the steady declining vacancy trend since 1Q13, as industrial users diligently seek space in the market. It's a sign of the overall strength of the industrial market in the Midlands as the first quarter also saw increased rental rates.

The quarter closed with a vacancy rate of 8.1%, down from the previous quarter which was 9.0%. Rental rates rose from \$3.43 per square foot (SF) to \$3.52 SF. Net absorption rose to ±418,421 SF. During the first quarter, there was no completed construction in the Columbia market area. Jushi, a China fiberglass products manufacturer, will be well underway soon on its \$300 million plant in Richland County's 900-acre park in Southeast Columbia. The company plans an 80,000-ton production line and will employ 400 people at completion. There continues to be a demand for industrial space that doesn't presently exist.

Columbia is following the national trends of space being quickly absorbed, rates rising to align with new construction costs, and a forthcoming surge in pipeline construction. Riding on the coattails of major manufacturers in Charleston, such as Boeing, Volvo, and Mercedes, the climate in Midlands for industrial development is better than its ever been before, and developers are anxious to deliver new space to the market.

Completed new speculative industrial space doesn't stay vacant long. A \$6 million, ±120,000 SF manufacturing facility was proactively constructed by Lexington County in

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### Broker Insight Continued

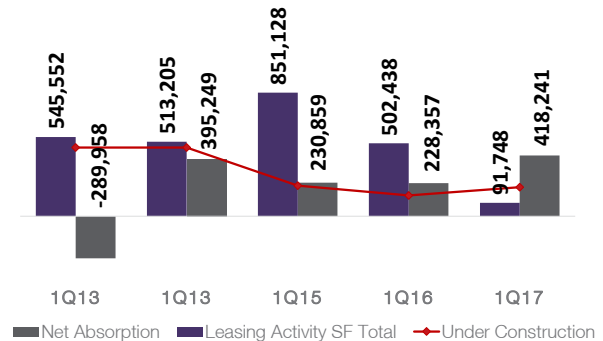


hopes of new business after experts advised them “companies don’t want to wait on a facility to be constructed.” Meeting the market demand for industrial buildings larger than 100,000 SF, the building was purchased by Stag Industrial Holdings Inc. and leased to Amazon early this quarter. Stag Industrial also purchased an additional ±176,400 SF Class A industrial distribution building in the same area in December 2016, emphasizing the boom anticipated for e-commerce warehouse space. In another example of e-commerce growth, clothing company LuLaRoe will move into the former Bose plant in Blythewood. The California-based company purchased the 104 acre, ±470,000 SF facility on I-77 for \$16 million. The company will invest \$35 million in the facility and create more than 1,000 new jobs. LuLaRoe sells colorful skirts, leggings and tops... but not in stores. They rely on independent consultants to build a customer base through social media and online parties. This is the company’s first distribution center on the East Coast.

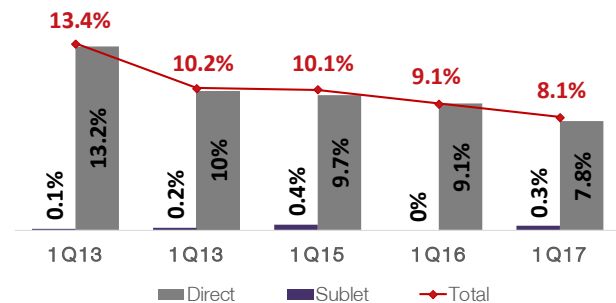
Overall, the construction pipeline is strong for industrial space in the Midlands, in an attempt to meet the demand that comes from the desire to do business in a non-union state with a ready, willing, and able workforce. The next 12 months should deliver hundreds of thousands of square feet of speculative development.

- Miller-Valentine Group announced the construction of Midway Logistics II, the first speculative Class A, tilt up, multi-tenant industrial building built by a private developer in the Midlands since 2009. The ±200,000 SF facility will be built in Lexington County Industrial Park with immediate access to multiple interstates.
- Boyd Development is completing the third and final speculative building for the Shop Grove Industrial Park. Construction on the ±45,000 SF building began late this quarter. The two completed buildings

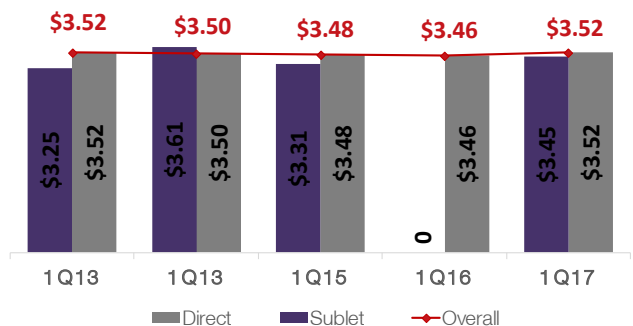
### NET ABSORPTION



### VACANCY



### RENTAL RATES



### Broker Insight Continued

are 100% occupied. This will total  $\pm 175,000$  SF of new product in three years in Shop Grove Industrial Park.

- Kershaw County is building a  $\pm 50,000$  SF economic development shell building that will be expandable to  $\pm 100,000$  SF at Heritage Pointe Industrial Park. Kershaw County has also been awarded a Rural Development Act Grant by Black River Electric Cooperative that will be used for infrastructure improvements located at Governor's Hill Industrial Park located at I-20's Exit 101, highlighting the importance of providing quality industrial space a priority within the county.
- $\pm 50,000$  SF of additional speculative space is on the horizon after 4.11 acres of land was purchased in the I-77 South Industrial Park, where the developer is planning to building a Class A speculative warehouse building.



Many factors are contributing to the overall demand of the industrial market in the midlands, including the South Carolina Port's record high activity. Not only does the Charleston port play a major role, but the success of the State Ports Authority's inland port in Greer cannot be underestimated. It has contributed in the Upstate's status as one of the nation's fastest-growing industrial markets. The Greenville-Spartanburg market has seen its cargo volumes grow by triple-digit percentages since the \$50 million inland port opened in 2013.

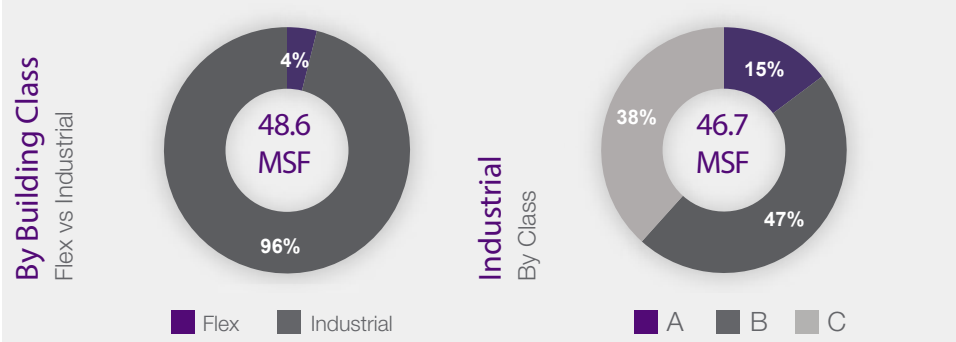
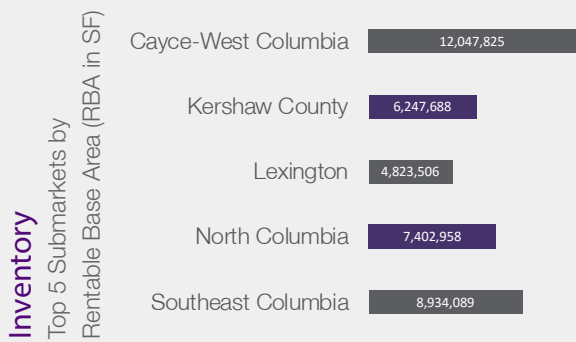
How does that affect the Midlands? Columbia, directly in-between Charleston and the Upstate, is now reaping the rewards of the synergy between the port and the inland Greer port. The South Carolina economic impact from the port is estimated to be \$53 billion. The SPA announced its plans to build a second inland port off I-95 in the northeastern corner of the state. However, with so much of South Carolina's trade based on auto sales (Michelin, BMW, Volvo, Mercedes Benz), the soft import volume of auto parts could hurt leasing activity in Southern industrial markets, if auto sales continue to weaken like they did in March.



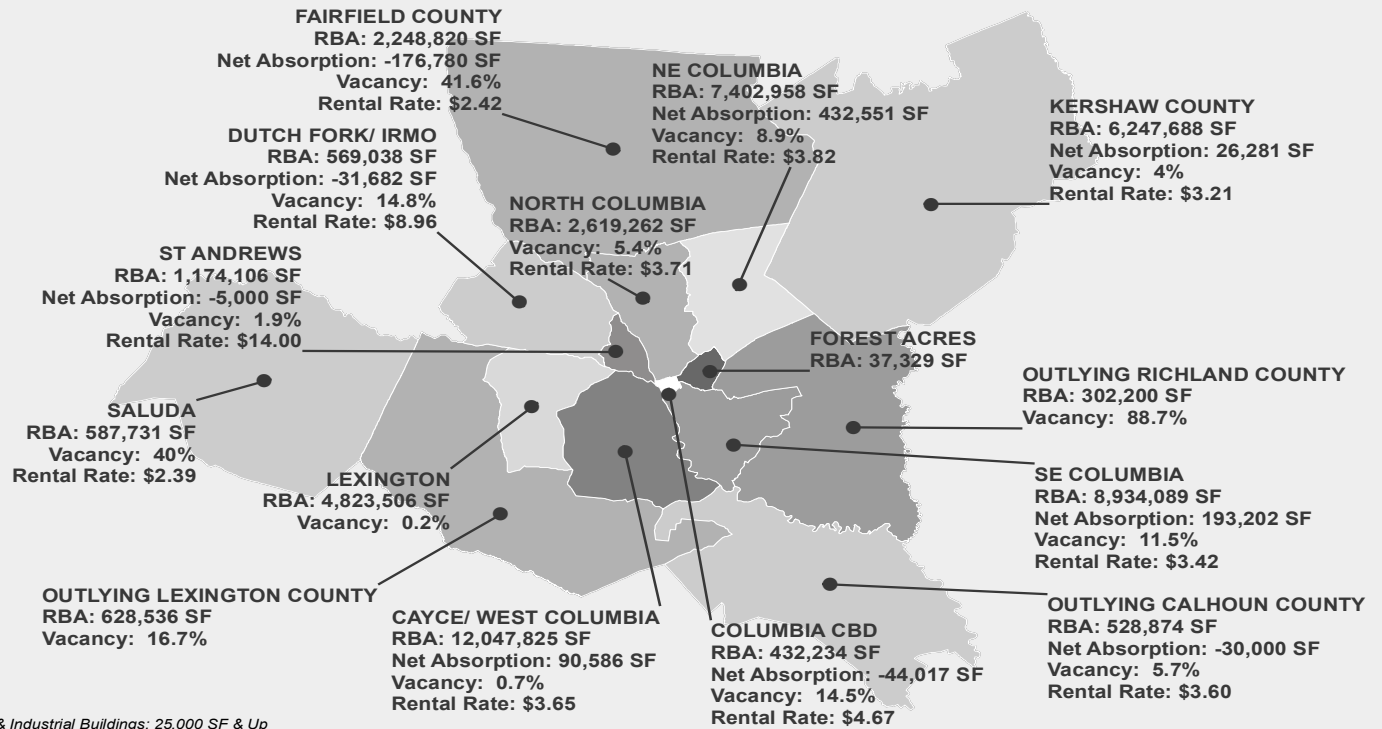
### Unemployment Rates

United States 5.1% Charleston Area 4.1% Columbia Area 4.5% Greenville Area 4.4%

Source: US BLS, Local Area Unemployment Statistics | January 2017



### Submarket Statistics



### Significant Transactions



**SOLD**  
**NORTHEAST COLUMBIA**  
**FORMER BOSE PLANT**  
**2000 CAROLINA PINES DRIVE**  
**±470,000 SF**



**LEASED**  
**Lexington**  
**MIDWAY LOGISTICS II**  
**825 BISTLINE DRIVE**  
**±30,000 SF LEASED**



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- Property and Project Management Services
- Office Sales and Leasing
- Industrial Sales and Leasing
- Special Asset and Receivership Services
- Tenant Representation
- Corporate Advisory Services
- Site Selection and Land Sales
- Fee Development and Build-to-Suit Services
- Mixed-Use Urban Infill

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## Featured Listing



### CLASS "A" DISTRIBUTION/ WAREHOUSE SPACE

Carolina Pines III  
116 Belk Court, Suite 1-A  
Blythewood, SC

±40,000 SF

Lease Rate: \$3.85 PSF NNN

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